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C O N F I D E N T I A L SECTION 01 OF 03 PANAMA 000540

SIPDIS

DEPARTMENT FOR WHA/CEN/BRIGHAM

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TAGS: [PREL](#) [PINR](#) [PGOV](#) [PM](#) [POL](#) [CHIEF](#)

SUBJECT: LA PRENSA FOUNDER ROBERTO EISENMANN SLAMS PANAMA'S POLITICAL CLASS

REF: A. 03 PANAMA 0798

[B](#). 03 PANAMA 2451

[C](#). 03 PANAMA 3294

[D](#). PANAMA 0440

[E](#). 03 PANAMA 2442

[F](#). PANAMA 0145

Classified By: AMBASSADOR LINDA E. WATT FOR REASONS 1.5 (B) AND (D).

SUMMARY

[1](#). (C) Roberto Eisenmann, Jr., founder of Panama's anti-dictatorship daily newspaper La Prensa, since 1990 turned political maverick and op-ed gadfly, recently shared with POL Counselor some caustic commentary on what he called the "outrageous" attitude of Panama's political class and its corrupt behavior. Eisenmann said his "hopes" for Democratic Revolutionary Party (PRD) presidential front-runner Martin Torrijos began to fade when Torrijos was slow to disengage himself from first cousin Hugo Torrijos. Hugo is Martin's major, if not chief financial backer and recently dismissed campaign manager, implicated several times for financial abuse of public office, though never formally charged. Given Torrijos' spotty resume and his apparent reliance on shady finances, Eisenmann views an increasingly likely Martin Torrijos presidency as "on the job training and then hope for the best." On former President Endara's candidacy, Eisenmann said he faces a "very uphill battle," adding that Endara has "no new ideas" and lacks money and a national organization. Although occasionally critical of U.S. politics in Panama and the wider region, Eisenmann is nonetheless an analyst with insight and a person of integrity whose views carry weight, even among those Panamanians who view him as arrogant and elitist. End Summary.

Two Biggest Parties "Equally Corrupt"

[2](#). (C) As a journalist, Roberto Eisenmann has focused squarely on corruption -- during military rule and after -- and he finds Panama's political elite sadly lacking. He is anything but sanguine about democratic Panama, since Operation Just Cause ended Panama's 21-year military dictatorship in December 1989. Panama could be a first-world country, he says, if it had decent government for just ten years. Following the ouster of Manuel Noriega, he recalled that Panamanians with strong political convictions wanted a bipartisan system with two strong parties (Arnulfistas and PRD), but the two parties now "are equally corrupt." "The attitude of the political class is outrageous," Eisenmann said. "They don't seem to give a damn." Panama must clean house or risk the emergence of a Panamanian Hugo Chavez.

Endara As Anti-System Candidate

[3](#). (C) Eisenmann is grateful for former President Guillermo Endara's presidential candidacy in Panama's May 2 election, "or else we would have some crazy populist running," he added. Endara is an establishment figure running for president in a slot that otherwise might have been filled by a genuine anti-system candidate, such as fired social security fund administrator Juan Jovane. What Hugo Chavez proved in Venezuela -- that "anyone" can run for president -- may become true in Panama, Eisenmann said. (See Reftel E.) At least in the May 2 election, no candidate poses any threat to the democratic process. Eisenmann said that Endara faces a "very uphill battle," and lacks a national organization, money, as well as new ideas.

Friends Get the Cash Box

[4](#). (C) Eisenmann had few kind words for out-going President Mireya Moscoso. Referring to his one-year stint as advisor

to President Moscoso, Eisenmann recalled telling her "I have friends too but I don't give them the cash box." Eisenmann added that Moscoso hates former President Endara "with a passion" because she sees him as a Arnulfista party "traitor."

Historical Dislike of PRD

15. (C) Eisenmann acknowledged his dislike of the PRD for historical reasons (an allusion to his personal clashes with PRD military strongmen Omar Torrijos and Manuel Noriega), but said he tries to be objective. He views an increasingly likely Martin Torrijos presidency as "on the job training and then hope for the best." (Note: Martin Torrijos has held two jobs in his life that we know of. He managed a McDonald's fast food franchise in Chicago in the late 1980s. During 1994-1998 he was Vice Minister of Government and Justice under President Ernesto Perez Balladares. Given this limited experience, many other observers also worry about Torrijos' lack of depth on issues. End Note.)

Alarm Bells

16. (C) Eisenmann praised Torrijos for his ability to gain control of the PRD, for isolating the old guard, and winning a democratic intra-party primary vote. But he sounded alarm bells about Hugo Torrijos, Martin's "money man," who served as his campaign manager (until Martin recently asked him to step down) and likely will play a prominent role in a PRD presidency, and who recently was implicated in a scandal concerning his stewardship of Ports Engineering Construction Corporation (PECC -- See Ref C). In November 2003 Comptroller Alvin Weeden apparently called Torrijos to warn him to remove his cousin from the campaign on the day before accusations against Hugo Torrijos (and former president Perez Balladares) became public in the PECC scandal. Even after removing Hugo a month later, Martin insisted it had nothing to do with PECC, adding that he was sure that Hugo was innocent of any wrongdoing. (Note: Eisenmann thought the surprising thing about the PECC scandal was that Perez Balladares reportedly got such a small part of the action -- only 7.5%. "I bet he was pissed off when he found out the Torrijos boys were getting more than him," he said. End Note.)

"This Hugo Thing"

17. (C) "I had hopes for Torrijos but this Hugo thing set me back," Eisenmann said. Hugo Torrijos was ports director under PRD President Ernesto Perez Balladares, "and left rich," Eisenmann noted. "A lot of money is made in Panama's Asian consulates," he quickly added, the Philippines in particular. (Note: Also Vietnam. Overall, commercial authentications make Tokyo Panama's most lucrative far eastern consulate. End note.) Augusto "Onassis" Garcia (advisor and close associate of President Moscoso) and Hugo "understand each other," Eisenmann continued. Onassis Garcia controls Panama's Asian consulates, he explained, (as Hugo Torrijos controlled them under Perez Balladares, when he was ports director, and before that under Manuel Noriega, as Finance Ministry shipping and consular services director). When Onassis Garcia's nephew, Juan Carlos Escalona (now Panama's ambassador and consul general in Manila), got there in 2000, Eisenmann continued, "Hugo Torrijos told him, 'It will take you 18 months to set up your own system. Why not use the one that I have and give me a cut?'" Eisenmann quipped, "These are the guys who are in government, because it's good business for them."

Background: Seamen's Visas a Lucrative Trade

18. (C) The licensing of merchant seamen to work on Panama-flagged vessels in East Asian capitals, Manila in particular, is a lucrative business for corrupt Panamanian officials (see Ref A and B), as is ship registration. Seamen, in their thousands, reportedly must pay an inflated "fee" of several hundred dollars, which officials pocket, for an identity cards whose nominal price starts at \$115. Also, to obtain their health clearances, the seamen reportedly must use only specific Manila clinics which, it is assumed, pay kickbacks to the officials. (Comment: Embassy Panama has put the issue of seamen's visas and vessel registration at the top of our maritime security agenda. While we have made major progress in virtually every other area of that agenda, the issue of seamen's visas and vessel registration remains elusive because of corruption in Panama's consulates and its Maritime Authority (AMP). We hope to engage the next government which takes office on September 1, 2004, stressing

that corruption involving seamen's visas and the registration of vessels under Panama's flag poses a direct threat to U.S. -- and Panamanian -- security interests. End comment.)

Ties of "Blood, Marriage, and Adultery"

9. (C) Interlocking relationships of blood and marriage (and adultery, as the wags have it) among Panama's elite go beyond mere nepotism, making official corruption difficult to root out. For instance, Amb. Juan Carlos Escalona's brother, Arnulfo Escalona, is currently Minister of Government and Justice. Both are nephews of Onassis Garcia (Moscoso's close advisor) but Arnulfo is also widely rumored to be President Moscoso's paramour. Garcia's daughters, Bertilda and Rita, are Administrator of the Panamanian Maritime Authority (AMP) and Panama's Consul General in New York, respectively. Bertilda, Rita, and Juan Carlos thus control three of four AMP offices with authority to register ships and issue seafarer IDs (the fourth is London). This particular group has long been known as the "Chitre Mafia," after the Panamanian town they hail from (Ref D).

COMMENT

10. (C) Eisenmann may be an inveterate contrarian in his views, but his disdain for the traditional parties (particularly the PRD and Arnulfistas) is a sentiment increasingly shared by Panamanians who are unhappy with the corruption, clientelism, and cronyism within the political class. Likewise, much of the popular support for ousted Social Security Chief Jovane, as well as the popularity of Solidaridad candidate Endara, reflects an underlying populism in Panama that could create conditions for the emergence of a charismatic demagogue, similar to the Chavez phenomenon in Venezuela. Many observers believe that Panama's May 2, 2004 election is key to restoring the credibility of the traditional political parties. (See Reftel F.) If Torrijos wins the election, as current trends suggest, Eisenmann and other top opinion shapers will be watching closely to see whether Torrijos lives up to his pledge to be "the Tony Blair of Panama." As Torrijos's First Vice Presidential Candidate Samuel Lewis Navarro has said about corruption in Panama, "Change starts at the top." His first test will be the appointment of government officials who can break the corrupt traditions that were described by Eisenmann.

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